

## Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 IO-14 ISO-00 FEA-02 AGR-20 CEA-02

CIAE-00 COME-00 DODE-00 FRB-02 H-03 INR-10 INT-08

L-03 LAB-06 NSAE-00 NSC-10 PA-04 RSC-01 AID-20

CIEP-02 SS-20 STR-08 TAR-02 TRSE-00 USIA-15 PRS-01

SPC-03 OMB-01 AF-10 ARA-16 EA-11 NEA-11 DRC-01 /243 W

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R 291719Z JAN 74

FM USMISSION GENEVA

TO SECSTATE WASHDC 3680

INFO USMISSION EC BRUSSELS

USMISSION OECD PARIS

UNCLAS GENEVA 573

E.O. 11652: N/A

TAGS: ETRD, ENRG, GATT

SUBJ: IMPACT OF HIGHER PETROLEUM PRICES ON LDCS--GATT ANALYSIS

1. OFFICES INVOLVED IN PREPARATIONS FOR FEBRUARY 11 WASHINGTON ENERGY CONFERENCE MAY WISH BE AWARE OF DOCUMENT JUST ISSUED BY GATT SECRETARIAT GIVING ANALYSIS OF IMPORT COST OF HIGHER PETROLEUM PRICES ON LESS DEVELOPED COUNTRIES. DOCUMENT IS COM.TD/W/208, JANUARY 28, 1974: THE IMPACT OF HIGHER PETROLEUM PRICES ON DEVELOPING COUNTRIES, 50 COPIES POUCHED EB/OT ON 1/29/74. COPY VIA OPEN AIRMAIL SENT JAN. 29 ATTENTION BENNSKY EB/FSE.

2. DOCUMENT COMPARES TOTAL IMPORT BILL FOR LDCS ON BASIS 1973 REQUIREMENTS (A) AT 1970 PRICES (\$3.2 BILLION), (B) ASSUMING PERSIAN GULF PRICE OF \$7 PER BARREL (\$11.8 BILLION), AND (C) ASSUMING PERSIAN GULF PRICE OF \$11 PER BARREL (\$18.3 BILLION). (NOTE: FOR BASIS (C), SECRETARIAT MAINTAINS CURRENT \$9-\$10 UNCLASSIFIED

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PRICE FOR WESTERN EUROPE IS TOO LOW FOR LDCS. \$11

AVERAGE FOR LDCS TAKES ACCOUNT OF HIGHER FREIGHT COSTS RESULTING FROM RELATIVELY SMALL CONSIGNMENTS ON SMALLER -SIZE TANKERS AND OF MARK-UP ON PETROLEUM PRODUCTS WHICH ACCOUNT FOR SUBSTANTIAL PART OF IMPORTS OF SOME LDCS.) IMPACT OF BASIS (C) IS THEN BROKEN DOWN BY INDIVIDUAL LDC, GIVING ADDITIONAL COST OF IMPORTS AS PERCENTAGE OF TOTAL 1972 IMPORTS. FOR ALL LDCS TOGETHER, ADDED COST OF \$15 BILLION REPRESENTS 25.6 PERCENT OF 1972 IMPORTS.

3. THIS ANALYSIS POINTS OUT THAT LDC IMPORT REQUIREMENTS IN 1973 WERE ONE TENTH OF WORLD PRODUCTION BUT MORE THAN ONE FIFTH OF WORLD TRADE. COUNTRIES MOST HIT ARE THOSE WITH RELATIVELY HIGH DEGREE OF INDUSTRIALIZATION AND NO LARGE ENERGY SUPPLIES, PARTICULARLY BRAZIL, KOREA, GREECE, SPAIN, TURKEY, YUGOSLAVIA. ALSO GREATLY AFFECTED ARE CERTAIN OTHER LDCS WHERE IMPORT BILL WAS ALREADY SQUEEZED TO UTMOST, SUCH AS INDIA. FINALLY, DOCUMENT SAYS WHILE PETROLEUM IS PROPORTIONATELY SMALLER PART OF TOTAL IMPORTS AMONG POORER LDCS, THESE "MAY FIND IT NEARLY IMPOSSIBLE TO FINANCE ADDITIONAL COST." BASSIN

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## Message Attributes

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